

101575

AN ORDINANCE

AUTHORIZING THE CITY MANAGER OR HIS DESIGNEE TO EXERCISE THE OPTION OF THE FIRST ONE (1) YEAR RENEWAL CONTRACT EXTENSION WITH WALGREENS HEALTH INITIATIVES TO PROVIDE PRESCRIPTION DRUG CARD PROGRAM SERVICES UNDER THE CITY'S SELF FUNDED HEALTH BENEFIT PROGRAM BEGINNING JANUARY 1, 2006 AND ENDING ON DECEMBER 31, 2006, IN AN ANNUAL ESTIMATED AMOUNT OF \$15,115,061.00 FROM THE EMPLOYEE BENEFITS SELF-INSURED FUND, WITH THE REMAINING 3 MONTHS BEING CONTINGENT UPON COUNCIL APPROVAL OF FY06-07 FUNDS.

* * * * *

WHEREAS, through Ordinance No. 96895, passed and approved on December 12, 2002, City Council authorized the execution of the Prescription Drug Program Contract ("Contract") with Walgreens Health Initiatives; and

WHEREAS, this Contract provides a Prescription Drug Program for the City; and

WHEREAS, said Contract provides for a three-year term, with the option to renew for two (2) additional successive one-year terms, subject to mutual agreement of the parties and approval by City Council; and

WHEREAS, the parties now wish to exercise their first option to extend this Contract for an additional one year period to begin on January 1, 2006 and continue through December 31, 2006; and

WHEREAS, City wishes to amend said Contract to include Vender's rebate chart, dispensing fees and discount rate schedule; and

WHEREAS, the cost for this renewal period is \$15,115,061.00; **NOW THEREFORE:**

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF SAN ANTONIO:

SECTION 1. The City Manager, or his designee, is hereby authorized to execute the Renewal and Amendment of the contract with Walgreens Health Initiatives, to provide a Prescription Drug Program to the City for the period from January 1, 2006 through December 31, 2006 for an estimated cost of \$15,115,061.00. The terms of said Renewal and Amendment are hereby approved. A copy of the Renewal and Amendment Agreement, in substantially final form, is attached hereto and incorporated herein as Exhibit "A".

SECTION 2. The amount of \$15,115,061.00 will be encumbered in Fund 75002000, Employee Benefits Fund, in GL 5402540, Health Benefit Claims, in various cost centers, and made payable to Walgreens Health Initiatives to provide prescription drug care program services under the City's Self Funded Health Benefit Program.

SECTION 3. The financial allocations in this Ordinance are subject to approval by the Director of Finance, City of San Antonio. The Director may, subject to concurrence by the City Manager or the City Manager's designee, correct allocation to specific Cost Centers and Fund Numbers as necessary to carry out the purpose of this Ordinance.

SECTION 4. This ordinance shall take effect October 30, 2005.

PASSED AND APPROVED this 20th day of October, 2005.



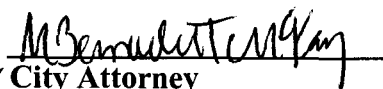
M A Y O R

PHIL HARDBERGER

ATTEST:


City Clerk

APPROVED AS TO FORM:


for City Attorney

RENEWAL AND AMENDMENT OF PRESCRIPTION DRUG PROGRAM CONTRACT

This Renewal and Amendment of the PRESCRIPTION DRUG PROGRAM CONTRACT is entered into by and between the CITY OF SAN ANTONIO (hereinafter referred to as "CITY"), acting by and through its City Manager, or his designee, pursuant to Ordinance Number 96895, passed and approved on December 12, 2002, and Walgreens Health Initiatives f/k/a WHP HEALTH INITIATIVES, having its principal place of business at 1417 Lake Cook Road, Deerfield, Illinois, 60015 (hereinafter referred to as "VENDOR"), acting by and through Kermit Crawford, Vice President, is as follows:

WHEREAS, through Ordinance No. 96895, passed and approved on December 12, 2002, City Council authorized the execution of the PRESCRIPTION DRUG PROGRAM CONTRACT (hereafter the "Contract") with VENDOR; and

WHEREAS, said Contract provides for an initial 36 month term, expiring December 31, 2005, with an option to renew for two (2) one (1) year extensions, subject to mutual agreement of the parties and approval by City Council; and

WHEREAS, said Contract provides that VENDOR shall provide a Prescription Drug Program for the CITY; and

WHEREAS, CITY wishes to amend said Contract to include VENDOR's rebate chart, dispensing fees and discount rate schedule; and

WHEREAS, the parties now wish to exercise their first option to extend this Contract for one (1) year period and amend the same; **NOW THEREFORE:**

I. Renewal

Pursuant to the provisions of Section V. of the Contract, CITY and VENDOR mutually agree to renew and extend the term of said Contract for a period of one (1) year, commencing on January 1, 2006 and terminating December 31, 2006, under the same terms and conditions as stated in said Contract, as further amended hereby.

II. Amendment

Section II. DESCRIPTION OF SERVICES, 2.19 (f) is hereby amended to read as follows:

- (f) In connection with and subject to the terms and conditions of the CONTRACT regarding Rebates, **VENDOR** will make payments to **CITY** on a per paid prescription claim basis ("**VENDOR** Payment") based on the services provided under this CONTRACT, regardless of the amount of Rebates received by **VENDOR**. **VENDOR** will make such **VENDOR** Payments in accordance with the following chart.

Copayment Structure	Retail Rebate	Mail Rebate
Two-Tier or Three-Tier with <\$10 between Preferred and Non-Preferred Formulary	\$1.00 on all generic and brand prescriptions	\$3.00 on all generic and brand prescriptions
Three-Tier <\$15 between Preferred and Non-Preferred Formulary	\$2.00 on all generic and brand prescriptions	\$6.00 on all generic and brand prescriptions
Three-Tier >\$15 between Preferred and Non-Preferred Formulary	\$3.00 on all generic and brand prescriptions	\$8.00 on all generic and brand prescriptions

The initial **VENDOR** Payment will be made approximately nine months after the end of the first calendar quarter (or portion thereof, when applicable) of services provided hereunder, with subsequent **VENDOR** Payments to be made quarterly thereafter.

Section VI. PAYMENT FOR SERVICES, 6.1 is hereby amended to read as follows:

- 6.1 In consideration of the professional services to be performed by the **VENDOR**, as stated herein, the **CITY** shall pay to the **VENDOR** according to the following Dispensing Fees and Discount Rate Schedule:

Retail Pharmacies located outside of the State of Massachusetts

Up to a 30 Day Supply	Cost Basis	Dispensing Fee	Administrative Fee
Brand	Lower of AWP –16 % or Usual and Customary	\$1.95	\$0
Non-MAC Generics	Lower of AWP – 16% Or Usual and Customary	\$1.95	\$0
MAC Generics	MAC List	\$1.95	\$0

Retail Pharmacies located within the State of Massachusetts

Up to a 30 Day Supply	Cost Basis	Dispensing Fee	Administrative Fee
Brand	Lower of AWP – 10% or Usual and Customary	\$2.50	\$0
Non-MAC Generics	Lower of AWP – 10% or Usual and Customary	\$2.50	\$0
MAC Generics	MAC List	\$1.95	\$0

Advantage 90 Service (Walgreens Only)

84-90 day supply	Cost Basis	Dispensing Fee	Administrative Fee
Brand	AWP – 21%	\$0	\$0
Non-MAC Generics	AWP – 50%	\$0	\$0
MAC Generics	MAC List	\$0	\$0

Notwithstanding the rates set forth above (“Advantage 90TM Rates”), and for plans requiring Member copayments only, if the Advantage 90TM Rate is less than the Member copayment fee, Participating Pharmacy will receive as reimbursement, at a minimum, the lesser of the Member copayment fee or the dispensing Participating Pharmacy’s usual retail charge. Notwithstanding the foregoing, however, the Advantage 90TM Rates are subject to a minimum reimbursement to each Participating Pharmacy of \$9.99 for each prescription dispensed. This minimum reimbursement amount will be satisfied from the Member copayment, unless such copayment is less than \$9.99, in which case City will be billed and will pay the difference between the copayment and \$9.99.

Mail Order Service

Up to a 90 day supply	Cost Basis	Dispensing Fee	Administrative Fee
Brand	AWP – 24%	\$0	\$0
Generics	AWP – 52%	\$0	\$0

As used in this CONTRACT, “Average Wholesale Price” shall refer to the price defined and distributed by First Data Bank for each drug in the database. This price is based on the 11-digit NDC number submitted for the dispensed medication. Such AWP prices will be updated in the claims processing system on at least a weekly basis to reflect current AWP pricing.

As used in this CONTRACT, “MAC List” means **VENDOR’S** Standard list of generic drugs and their associated prices at which **CITY** will pay **VENDOR** for dispensing services provided by Participating Pharmacies and the Participating Mail Service Pharmacy hereunder. The MAC List is subject to periodic review and modification by **VENDOR**.

Section VI, PAYMENT OF SERVICES, 6.2 is hereby amended to read as follows:

6.2 **VENDOR** shall provide **CITY** the following ancillary services, when the City requests said service, at the following costs:

Service	Fee
ID Cards w/Letter Carrier (w/WHI Formulary)	\$1.30 (up to 2 cards)
ID Card Re-Issuance	\$0.80 (up to 2 cards)
Postage for Mailing (ID cards, DMRs, etc. unless otherwise noted)	\$1.10 per mailing
Manual Prior Authorizations	\$1.00 per authorization (if WHI enters)
Direct Member Reimbursement Claims	\$2.00 per submitted claim
Manual Eligibility Updates	\$0.75 per update (if WHI enters)
Online Adjustments	\$0.75 per claim
Prior Authorization	\$1.00 per authorization (if WHI enters)
Clinical Prior Authorization	\$30.00 per review
Step-Care Clinical Prior Authorization	\$30.00 per review
MedMonitor™ Retrospective Drug Utilization	\$0.35 per claim

Review	
Deductible/Maximum accumulation entry	\$0.75 per update
Deductible/Maximum Tracking	\$0.05 per claim
Deductible/Maximum Updates	\$0.75 per update
WHI Formulary Conversion/Delete Letters	\$1.50 per letter
Customized Letters to Members	\$1.50 per letter
HIPAA - Access to PHI/Accounting of Disclosures	\$2.50 per request per member
HIPAA - General Correspondence other than Access to PHI	\$1.50 per request per member
Mail Registration Forms - Initial	\$0.00
Mail Registration Forms - Subsequent	\$0.25 each
Ad Hoc Report	\$100.00 per hour
Customized Report	\$100.00 per hour
WHI-generated Query	\$100.00 per hour
Doctor Profiling	\$100.00 per hour
Online PBS Access (2 IDs no charge)	\$0.00
Online PBS Access - additional IDs	\$50.00 per user per month
Online Management Reports (1 ID no charge)	\$0.00
Online Management Reports -additional IDs	\$50.00 per user per month
2nd Set of Management Reports (this fee also applies if client wants online report access AND paper copies)	\$100.00 per set
Online Query Tool (1 ID no charge)	\$0.00
Online Query Tool - additional IDs	\$50.00 per user per month

Section VI, PAYMENT OF SERVICES, 6.5 is hereby amended to include the following:

Medicare Part D Services	WHI Standard Fee
Prepare a Retiree Drug Subsidy estimate report <i>Note: WHI does not currently offer a specialized modeling tool to clients to determine actuarial equivalence, test creditable coverage, and calculate subsidy amounts. WHI does offer our RxPort Query Tool which allows clients access to query their prescription claims data.</i>	No charge for WHI client
Eligibility/enrollment reporting to client and/or CMS on a monthly or quarterly basis	\$1500 per benefit plan per year for quarterly submission, \$4500 per benefit plan per year for monthly submission
Claims data/financial reporting to client and/or CMS on a monthly, quarterly, semiannual, or annual basis as requested by client	\$1500 per benefit plan per year for quarterly submission, \$4500 per benefit plan per year for monthly

	submission, \$1000 per benefit plan per year for semiannual or annual submission
Annual claims reconciliation report to client and/or CMS	\$2000 per benefit plan per year
Storage of data for six years (as required by CMS)	No charge for WHI clients
Support CMS audits as requested by CMS	Will vary based on audit request details
Provide model notice of creditable coverage to be distributed by client	No charge for WHI clients

III.

All other terms, conditions, covenants and provisions of the Prescription Drug Program Contract approved through Ordinance No. 96895, are hereby renewed and extended, save and except Section II. Description of Services, 2.19 (f), and Section VI. Payment For Services, 6.1, 6.2, 6.5 which the parties agree are hereby modified.

EXECUTED on this ____ day of _____, 2005.

WALGREENS HEALTH INITIATIVES, INC.
f/k/a/ WHP HEALTH INITIATIVES, INC.

Kermit Crawford
Vice President, PBM Services

EXECUTED on this ____ day of _____, 2005.

City of San Antonio

J. Rolando Bono, City Manager

APPROVED AS TO FORM:

Krista Cover,
Assistant City Attorney